

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 Department of Corporations  
320 West 4<sup>th</sup> St. Ste. 750  
4 Los Angeles, California 90013  
Telephone: (213) 576-6205; Fax: (213) 576-7181  
5

6 Attorneys for Complainant

7  
8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE ) File No.: 963-1031  
11 CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ACCUSATION IN SUPPORT OF  
13 Complainant, ) REVOCATION OF CALIFORNIA ESCROW  
14 vs. ) AGENT’S LICENSE  
15 )  
16 VERNON ESCROW, LIMITED, )  
17 Respondent. )  
18

19 The Complainant is informed and believes and based upon such information and belief,  
20 alleges and charges as follows:

21 I

22 Vernon Escrow, Limited (“Respondent”) is an escrow agent licensed by the California  
23 Corporations Commissioner ("Commissioner" or "Complainant") of the Department of Corporations  
24 (“Department”) pursuant to the Escrow Law of the State of California (California Financial Code  
25 Section 17000 *et seq.*).

26 II

27 The Commissioner received a letter from Respondent dated August 31, 2010, informing that  
28 it wished to surrender its California escrow agent’s license.

1 On September 3, 2010, the Commissioner sent a certified letter to Respondent at its last  
2 known address on file with the Commissioner, which was returned to sender. On October 13, 2010  
3 the same letter was sent regular mail to Respondent at its last known address on file with the  
4 Commissioner, which was returned to sender. These letters notified Respondent that, as a condition  
5 of license surrender pursuant to Financial Code section 17600, subdivision (b), the licensee is  
6 required to engage a certified public account to conduct a closing audit of the licensee’s records  
7 (“closing audit report”) and report findings of compliance with the Escrow Law to the Commissioner  
8 within 105 days from the date of the application to surrender the license.

9 Pursuant to Financial Code section 17600, subdivision (b), the Respondent’s closing audit  
10 report was due 105 days from the date of application to surrender its escrow agent’s license, which  
11 was December 15, 2010.

12 To date, the Commissioner has received neither a response to the letters nor the closing  
13 audit report from Respondent.

14 III

15 Financial Code section 17600, subdivision (b), provides as follows:

16 A licensee that ceases to engage in the business regulated by this division and desires  
17 to no longer be licensed shall notify the commissioner in writing and, at that time,  
18 tender the license and all other indicia of licensure to the commissioner. Within 105  
19 days of the written notice to the commissioner, the licensee shall submit to the  
20 commissioner, at its own expense, a closing audit report as of the date the license is  
21 tendered to the commissioner for surrender, or for another period as the commissioner  
22 may specify, to be performed by an independent certified public accountant. The  
23 closing audit shall include, but not be limited to, information required by the  
24 commissioner, a bank reconciliation of the trust account, and a verified statement  
25 from a certified public accountant confirming lawful disbursement of funds. A license  
26 is not surrendered until the commissioner has reviewed and accepted the closing audit  
27 report, a determination has been made by the commissioner that acceptance of the  
28 surrender is in the public interest, and tender of the license is accepted in writing by  
the commissioner.

26 Financial Code section 17602.5 provides in pertinent part as follows:

27 If any licensed escrow agent fails to make any reports required by law  
28 or by the commissioner within ten (10) days from the date designated

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

for the making of the reports, or within any extension of time granted by the commissioner, . . . such failure shall constitute grounds for the suspension or revocation of the license held by such escrow agent.

Financial Code section 17608 provides in pertinent part:

The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:

(b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

IV

Complainant finds that, by reason of the foregoing, Respondent Vernon Escrow, Limited has violated Financial Code sections 17600 and 17602.5, and it is in the best interests of the public to revoke Respondent’s escrow agent’s license pursuant to Financial Code section 17608.

WHEREFORE, IT IS PRAYED that the California escrow agent’s license of Respondent Vernon Escrow, Limited be revoked.

Dated: September 7, 2011  
Los Angeles, CA

California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the matter of ) File No.: 963 1031  
)  
)  
VERNON ESCROW, LIMITED )  
)  
a licensee under the Escrow Law )  
)

---

ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT  
TO SECTION 17415, CALIFORNIA FINANCIAL CODE

TO: VERNON ESCROW, LIMITED  
2925 West Vernon Avenue  
Los Angeles, CA 90008

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

VERNON ESCROW, LIMITED has failed to comply with the bonding requirements of the Escrow Law (California Financial Code, Section 17202) in that effective October 8, 2009 Bond No. 41018798 issued by PLATTE RIVER INSURANCE COMPANY in favor of VERNON ESCROW, LIMITED expired and no replacement bond has been obtained.

Based upon the foregoing, VERNON ESCROW, LIMITED is conducting escrow business in violation of Section 17202 of the Financial Code and is conducting business in an unsafe and injurious manner as to render further operations hazardous to the public or to customers.

1 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING  
2 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California  
3 Financial Code, that VERNON ESCROW, LIMITED immediately discontinue acceptance of any  
4 new escrow or joint control business, and of money, documents or other property in connection  
5 therewith.

6 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

7 Section 17415 of the Financial Code provides as follows:

8 (a) If the commissioner, as a result of any examination or from  
9 any report made to him or her, shall find that any person subject to this  
10 division is in an insolvent condition, is conducting business in such an  
11 unsafe or injurious manner as to render further operations hazardous to the  
12 public or to customers, has failed to comply with the provisions of Section  
13 17212.1 or 17414.1, has permitted its tangible net worth to be lower than  
14 the minimum required by law, has failed to maintain its liquid assets in  
15 excess of current liabilities as set forth in Section 17210, or has failed to  
16 comply with the bonding requirements of Chapter 2 (commencing with  
17 Section 17200) of this division, the commissioner may, by an order  
18 addressed to and served by registered or certified mail or by personal  
19 service on such person and on any other person having in his or her  
20 possession or control any escrowed funds, trust funds or other property  
21 deposited in escrow with said person, direct discontinuance of the  
22 disbursement of trust funds by the parties or any of them, the receipt of  
23 trust funds, the delivery or recording of documents received in escrow, or  
24 other business operations. No person having in his or her possession any of  
25 these funds or documents shall be liable for failure to comply with the  
26 order unless he or she has written notice of the order. Subject to  
27 subdivision (b), the order shall remain in effect until set aside by the  
28 commissioner in whole or in part, the person has been adjudged bankrupt,  
or pursuant to Chapter 6 (commencing with Section 17621) of this division  
the commissioner has assumed possession of the escrow agent.

(b) Within 15 days from the date of any order pursuant to  
Subdivision (a), the person may request a hearing under the Administrative  
Procedure Act, Chapter 5 (commencing with Section 11500) of Division 3  
or Title 2 of the Government Code. Upon receipt of a request, the matter  
shall be set for hearing to commence within 30 days after such receipt  
unless the person subject to this division consents to a later date. If no  
hearing is requested 15 days after the mailing or service of such notice and  
none is ordered by the commissioner, the failure to request a hearing shall  
constitute a waiver of the right to a hearing. Neither the request for a  
hearing nor the hearing itself shall stay the order issued by the  
commissioner under subdivision (a).

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated:           October 13, 2009  
                    Los Angeles, California

Preston DuFauchard  
California Corporations Commissioner

By \_\_\_\_\_  
Kathleen R. Partin  
Special Administrator  
(213) 576-7595

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF	)	Case No.: 963-1031
CORPORATIONS OF THE STATE OF	)	
CALIFORNIA,	)	ORDER SETTING ASIDE ORDER TO
	)	DISCONTINUE ESCROW ACTIVITIES
Complainant,	)	PURSUANT TO CALIFORNIA FINANCIAL
	)	CODE SECTION 17415
vs.	)	
	)	
VERNON ESCROW, LIMITED	)	
	)	
	)	
Respondent	)	
	)	

TO: VERNON ESCROW, LIMITED  
2925 West Vernon Avenue  
Los Angeles, CA 90008

NOW, THEREFORE, the California Corporations Commissioner having found VERNON ESCROW, LIMITED has complied with bonding requirements of the Escrow Law, Financial Code Section 17202 as of November 2, 2009, the Order to Discontinue Escrow Activities Pursuant to Financial Code Section 17415 issued on October 13, 2009 is hereby set aside as of November 2, 2009.

/

/

/

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: Los Angeles, California  
November 4, 2009

Preston DuFauchard  
California Corporations Commissioner

By \_\_\_\_\_  
Kathleen R. Partin  
Special Administrator